

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6855

BILL NUMBER: SB 428

NOTE PREPARED: Jan 7, 2004

BILL AMENDED:

SUBJECT: Hospital Matters.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
☒ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill authorizes the Office of Medicaid Policy and Planning to implement alternative payment methodologies for payable claim payments to a hospital if the Office determines that the federal Centers for Medicare and Medicaid Services will not approve the submitted payment methodology.

The bill allows the State Department of Health to disclose inpatient and outpatient discharge information to hospitals that have submitted the information. It also allows a hospital trade association to disclose health record information received by the association from a provider to the State Department of Health to be used for data aggregation.

The bill also changes a retrieval charge to a labor charge for providing copies of medical records.

Effective Date: July 1, 2004.

Explanation of State Expenditures: *Hospital Care for the Indigent Program Payments (HCI):* This bill contains a provision that would allow the Office of Medicaid Policy and Planning (OMPP) to amend the State Medicaid Plan in order to implement payments to hospitals under the HCI program in the event that the federal Centers for Medicare and Medicaid Services (CMS) will not approve the payment plan authorized by P.L. 255-2003. The bill specifies that any payment methodology implemented by OMPP under this provision must approximate as closely as possible the amount of reimbursement that each hospital would have received under the provisions of P.L.255-2003. This provision would allow the state to continue to attempt to maximize federal reimbursements under the Medicaid program using the county levy for the HCI program in the event that CMS would not approve the authorized version.

Disclosure of Health Records: Provisions in the bill regarding disclosure of health records that are not individually identifiable are intended to allow the use of hospital discharge data by the Department of Health. These provisions would expand the information available to the Department that could be used for quality measures and assessments. The bill allows this data exchange to occur. However, it does not require it and therefore should impose no fiscal impact on the state.

Copies of Medical Records: The bill changes the provision of an existing retrieval charge for providing copies of medical records to a labor charge. Under federal rules promulgated for the Health Insurance Portability and Accountability Act (HIPAA), providers may charge individuals per page fees for copying and postage associated with copies of their own medical records. Interpretation of the HIPAA rules indicates charges specifically associated with the retrieval of the records may not be an allowable charge to individuals. The change of language should allow health care providers to continue to charge a minimal amount of labor costs associated with the cost of copying records. The bill does not change the existing \$15 allowable charge.

Explanation of State Revenues: *Copies of Medical Records:* As a provider of health care services, this bill would maintain the current charge structure for providing copies of medical records to individuals that is available to state hospitals. The Department of Insurance has the rule-making authority to increase the fees that may be charged for all other parties that might be authorized to request copies of medical records. Currently, the Department has a notice of intent to promulgate rules for charges associated with providing copies of medical records, but no language has been drafted.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Office of Medicaid Policy and Planning; State Hospitals and Developmental Centers; the State Department of Health; and the Department of Insurance.

Local Agencies Affected: County-owned hospitals and health care facilities.

Information Sources: Melanie Bella, Assistant Secretary, Office of Medicaid Policy and Planning, 317-233-4455; Amy Strati, Chief Legal Counsel, Department of Insurance, 317-232-0143; and “What are Reasonable Cost-based Copy Charges When an Individual Requests Access to their Protected Health Information Under the HIPAA Privacy Rule?” A white paper prepared by: Gregory Trerotola, et.al., Semaphore Consulting, June 2003.

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